
**Insurance, Financial Services &
Consumer Protection Committee**

HB 2829

Brief Description: Expanding financial literacy through education and counseling to promote greater homeownership security.

Sponsors: Representatives Kelley, Williams, Eddy, Rolfes, Lantz, Lias, Linville, Upthegrove, Green, Anderson, Nelson, Morrell, Fromhold, Kenney, Darneille, McIntire, Kirby, Haigh, Simpson, Hasegawa, O'Brien and Ormsby; by request of Governor Gregoire.

Brief Summary of Bill

- Requires the Department of Financial Institutions (DFI) to provide information about financial institutions and financial products.
- Authorizes the DFI to establish consumer education and financial literacy programs.
- Authorizes the DFI to establish counseling, marketing, and outreach programs related to homeownership.
- Appropriates \$1.5 million dollars for homeownership prepurchase outreach and education and postpurchase counseling and support.

Hearing Date: 1/22/08

Staff: Jon Hedegard (786-7127).

Background:

The Department of Financial Institutions (DFI) regulates state-chartered financial institutions, state licensed consumer loan companies, and mortgage brokers. The DFI also provides education and outreach to protect consumers from financial fraud

In September 2007, Governor Gregoire established the Task Force for Homeowner Security to evaluate instability in the mortgage market and minimize the impact in Washington. The Task

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Force met six times between September and mid-December. The Task Force issued a report on December 21, 2007. The report included approximately twenty-four recommendations, including recommendations for:

- homeowner counseling prior to purchase;
- homeowner counseling prior to foreclosure;
- consumer education and outreach; and
- financial literacy.

Summary of Bill:

The Director of the DFI is required to:

- disseminate information to the public regarding financial institutions; and
- provide assistance to the public in obtaining information about financial products.

The Director of the DFI may establish or implement financial literacy or consumer education programs including:

- education and outreach programs that assist Washington citizens of all ages in understanding saving, investing, and budgeting, and other skills necessary to obtain individual financial independence, fiscal responsibility, and financial management skills; and
- counseling, marketing, and outreach programs regarding residential mortgage transactions, nontraditional or subprime mortgages, predatory lending practices, or other financial products or practices in the marketplace relating to homeownership.

The DFI may use grants, contracts, or interagency agreements with governments and nongovernmental organizations to deliver the financial literacy or consumer education programs. The DFI may coordinate with ongoing efforts by other public and private sector agencies.

For homeownership prepurchase outreach and education and postpurchase counseling and support, the DFI is appropriated:

- \$700,000 for the fiscal year ending June 30, 2008; and
- \$800,000 for the fiscal year ending June 30, 2009.

Appropriation: The sum of \$700,000 is appropriated from the State General Fund to the Department of Financial Institutions for the fiscal year ending June 30, 2008. The sum of \$800,000 is appropriated from the State General Fund to the Department of Financial Institutions for the fiscal year ending June 30, 2009.

Fiscal Note: Requested on January 28, 2008.

Effective Date: The bill contains an emergency clause and takes effect immediately.